# CAS 700 Independent Auditor’s Report Templates

Purpose

This tool is intended for use by auditors who are forming an opinion in accordance with Canadian Auditing Standard (CAS) 700 for financial statements for periods ending on or after 15 December 2018.

OAG Guidance

**Instructions to audit teams**

* Determine whether your entity is a “listed entity”[[1]](#footnote-1) or “non‑listed entity,” then use the appropriate template.
* If the audit is a group audit according to CAS 600, “Entity” typically becomes “Group,” and “consolidated” is added in front of “financial statements.”
* The financial reporting framework used by the entity affects the wording of the auditor’s report. Please refer to the Appendix to see how your auditor’s report should refer to the framework.
* Within the body of this document, blue text in brackets is text that audit teams are expected to modify or delete. The final document should not contain any blue text or text in brackets.
* The final signed report should include the proper corporate symbol (logo).

|  |
| --- |
| This document includes the two following templates:   * Template 1: Auditor’s report on financial statements of a non‑listed entity * Template 2: Auditor’s report on financial statements of a listed entity |

For more information on the independent auditor’s report, please consult the CPA Canada reporting guide [Reporting Implications of the Canadian Auditing Standards (CAS)](https://www.cpacanada.ca/en/business-and-accounting-resources/audit-and-assurance/canadian-auditing-standards-cas/publications/reporting-implications-of-canadian-auditing-standards), which provides guidance with respect to commonly occurring reporting circumstances.

Template 1: Auditor’s report on financial statements of a non‑listed entity

Unless otherwise noted, the illustrative audit opinion below has been drafted using the following assumptions:

* Audit of a complete set of financial statements of a non‑listed entity using a fair presentation framework.
* The financial statements have been prepared following the corresponding figures model and with a December 201X year-end date.
* The financial statements are prepared by management in accordance with IFRSs (a general purpose framework).
* The terms of the audit engagement reflect the description of management’s responsibility for the financial statements in CAS 210.
* The auditor has concluded an **unmodified** (that is, “clean”) opinion is appropriate based on the audit evidence obtained.
* The relevant ethical requirements that apply to the audit are those of Canada.
* Based on the audit evidence obtained, the auditor has concluded that **no material uncertainty** exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern in accordance with CAS 570.
* Key audit matter (KAM) reporting is **not required**, and the auditor has not decided to communicate KAMs in accordance with CAS 701.
* The auditor has obtained all of the other information prior to the date of the auditor’s report and has not identified a material misstatement of the other information. Refer to CAS 720.
* Those responsible for oversight of the financial statements differ from those responsible for the preparation of the financial statements.
* In addition to the audit of the financial statements, the auditor has other reporting responsibilities under law or regulation.

INDEPENDENT AUDITOR’S REPORT

To the [Appropriate Addressee]

**Report on the Audit of the [Consolidated] Financial Statements[[2]](#footnote-2)**

Opinion

We have audited the [consolidated] financial statements of [the] [Entity’s name (the Entity) or Entity’s name and its subsidiaries (the Group)], which comprise the [consolidated] statement of financial position[[3]](#footnote-3) as at [31 December 201X], and the [consolidated] statement of comprehensive income, [consolidated] statement of changes in equity and [consolidated] statement of cash flows for the year then ended, and notes to the [consolidated] financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying [consolidated] financial statements present fairly, in all material respects, the [consolidated] financial position of the [Entity or Group] as at [31 December 201X], and its [consolidated] financial performance and its [consolidated] cash flows for the year then ended in accordance with [International Financial Reporting Standards (IFRSs)].

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the* [*Consolidated*] *Financial Statements* section of our report. We are independent of the [Entity or Group] in accordance with the ethical requirements that are relevant to our audit of the [consolidated] financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the [X report][[4]](#footnote-4), but does not include the [consolidated] financial statements and our auditor’s report thereon.

Our opinion on the [consolidated] financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the [consolidated] financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the [consolidated] financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

|  |
| --- |
| * Where no other information has been received as of the date of the auditor’s report, there is no reporting requirement for a non‑listed entity and the sub-heading section “Other Information” would therefore not be included in such a scenario. See CAS 720.21 for more details. * If the auditor has obtained part of the other information prior to the date of the auditor’s report, has not identified a material misstatement of the other information and expects to obtain other information after the date of the auditor’s report, refer to Illustration 3 of CAS 720, Appendix C2. |

Responsibilities of Management and Those Charged with Governance for the [Consolidated] Financial Statements

Management is responsible for the preparation and fair presentation[[5]](#footnote-5) of the [consolidated] financial statements in accordance with [IFRSs], and for such internal control as management determines is necessary to enable the preparation of [consolidated] financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the [consolidated] financial statements, management is responsible for assessing the [Entity’s or Group’s] ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the [Entity or Group] or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the [Entity’s or Group’s] financial reporting process.

Auditor’s Responsibilities for the Audit of the [Consolidated] Financial Statements

Our objectives are to obtain reasonable assurance about whether the [consolidated] financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these [consolidated] financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the [consolidated] financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the [Entity’s or Group’s] internal control.
* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
* Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the [Entity’s or Group’s] ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the [consolidated] financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the [Entity or Group] to cease to continue as a going concern.
* Evaluate the overall presentation, structure and content of the [consolidated] financial statements, including the disclosures, and whether the [consolidated] financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
* [This paragraph is for group only: Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the [Entity or Group] to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.]

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on Other Legal and Regulatory Requirements[[6]](#footnote-6)

[As required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in International Financial Reporting Standards have been applied on a basis consistent with that of the preceding year.]

[Further, in our opinion, the transactions of [the] [Entity’s name] [and its wholly-owned subsidiaries] that have come to our notice during our audit of the [consolidated] financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the [insert name of enabling legislation] and regulations and the [charter/articles and] by‑laws of [the] [Entity’s name] [and its wholly-owned subsidiaries] (and any other directives given to the corporation).]

|  |
| --- |
| The assurance and related services guideline AuG-49─*Reporting on compliance with specified authorities for transactions coming to the auditor’s notice during the audit of financial statements* is expected to be released soon. The Office has the intention to early adopt this AuG-49 when published. The AuG-49 will significantly change the content of this section in the auditor’s report. AAPT will update this template once AuG-49 is published. |

[Insert Signature per Delegation of signing authority][[7]](#footnote-7)  
[Principal]  
[for the Auditor General of Canada]

OR

[Insert Signature per Delegation of signing authority]

[Auditor General of Canada]

[City], Canada  
[Date]

Template 2: Auditor’s report on financial statements of a listed entity

Unless otherwise noted, the illustrative audit opinion below has been drafted using the following assumptions:

* Audit of a complete set of financial statements of a listed entity using a fair presentation framework.
* The financial statements have been prepared following the corresponding figures model and with a December 201X year-end date.
* The financial statements are prepared by management in accordance with IFRSs (a general purpose framework).
* The terms of the audit engagement reflect the description of management’s responsibility for the financial statements in CAS 210.
* The auditor has concluded an **unmodified** (that is, “clean”) opinion is appropriate based on the audit evidence obtained.
* The relevant ethical requirements that apply to the audit comprise those of Canada.
* Based on the audit evidence obtained, the auditor has concluded that **no material uncertainty** exists related to events or conditions that may cast significant doubt on the entity’s ability to continue as a going concern in accordance with CAS 570.
* Key audit matters (KAMs) **have been communicated** in accordance with CAS 701.
* The auditor **obtained part of the other information prior** to the date of the auditor’s report, has not identified a material misstatement of the other information, and expects to obtain other information after the date of the auditor’s report. Refer to CAS 720.
* Those responsible for oversight of the financial statements differ from those responsible for the preparation of the financial statements.
* In addition to the audit of the financial statements, the auditor has other reporting responsibilities under law or regulation.

INDEPENDENT AUDITOR’S REPORT

To the [Appropriate Addressee]

**Report on the Audit of the [Consolidated] Financial Statements[[8]](#footnote-8)**

Opinion

We have audited the [consolidated] financial statements of [the] [Entity’s name (the Entity) or Entity’s name and its subsidiaries (the Group)], which comprise the [consolidated] statement of financial position[[9]](#footnote-9) as at [31 December 201X], and the [consolidated] statement of comprehensive income, [consolidated] statement of changes in equity and [consolidated] statement of cash flows for the year then ended, and notes to the [consolidated] financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying [consolidated] financial statements present fairly, in all material respects, the [consolidated] financial position of the [Entity or Group] as at [31 December 201X], and its [consolidated] financial performance and its [consolidated] cash flows for the year then ended in accordance with [International Financial Reporting Standards (IFRSs)].

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the* [*Consolidated*] *Financial Statements* section of our report. We are independent of the [Entity or Group] in accordance with the ethical requirements that are relevant to our audit of the [consolidated] financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

[Key Audit Matters][[10]](#footnote-10)

[Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the [consolidated] financial statements of the current period. These matters were addressed in the context of our audit of the [consolidated] financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.]

[Description of each key audit matter in accordance with CAS 701.]

Other Information

[Management] is responsible for the other information. The other information comprises the [X report][[11]](#footnote-11) (but does not include the [consolidated] financial statements and our auditor’s report thereon), which we obtained prior to the date of this auditor’s report, and the [Y report], which is expected to be made available to us after that date.

Our opinion on the [consolidated] financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the [consolidated] financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the [consolidated] financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the [Y report], if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

|  |
| --- |
| * If the auditor has obtained no other information prior to the date of the auditor’s report but expects to obtain other information after the date of the auditor’s report, refer to Illustration 4 of CAS 720, Appendix C2. * If the auditor has obtained all of the other information prior to the date of the auditor’s report and has not identified a material misstatement of the other information, refer to Illustration 1 of CAS 720, Appendix C2. |

*Responsibilities of Management and Those Charged with Governance for the [Consolidated] Financial Statements*

Management is responsible for the preparation and fair presentation[[12]](#footnote-12) of the [consolidated] financial statements in accordance with [IFRSs], and for such internal control as management determines is necessary to enable the preparation of [consolidated] financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the [consolidated] financial statements, management is responsible for assessing the [Entity’s or Group’s] ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the [Entity or Group] or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the [Entity’s or Group’s] financial reporting process.

Auditor’s Responsibilities for the Audit of the [Consolidated] Financial Statements

Our objectives are to obtain reasonable assurance about whether the [consolidated] financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these [consolidated] financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the [consolidated] financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the [Entity’s or Group’s] internal control.
* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
* Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the [Entity’s or Group’s] ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the [consolidated] financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the [Entity or Group] to cease to continue as a going concern.
* Evaluate the overall presentation, structure and content of the [consolidated] financial statements, including the disclosures, and whether the [consolidated] financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
* [This paragraph is for group only: Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the [Entity or Group] to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.]

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the [consolidated] financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication[[13]](#footnote-13).

## Report on Other Legal and Regulatory Requirements[[14]](#footnote-14)

[As required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in International Financial Reporting Standards have been applied on a basis consistent with that of the preceding year.]

[Further, in our opinion, the transactions of [the] [Entity’s name] [and its wholly-owned subsidiaries] that have come to our notice during our audit of the [consolidated] financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the [insert name of enabling legislation] and regulations and the [charter/articles and] by‑laws of [the] [Entity’s name] [and its wholly-owned subsidiaries] (and any other directives given to the corporation).]

|  |
| --- |
| The assurance and related services guideline AuG-49─*Reporting on compliance with specified authorities for transactions coming to the auditor’s notice during the audit of financial statements* is expected to be released soon. The Office has the intention to early adopt this AuG-49 when published. The AuG-49 will significantly change the content of this section in the auditor’s report. AAPT will update this template once AuG-49 is published. |

The engagement leader on the audit resulting in this independent auditor’s report is [name].

[Insert Signature per Delegation of signing authority][[15]](#footnote-15)  
[Principal]  
[for the Auditor General of Canada]

OR

[Insert Signature per Delegation of signing authority]  
[Auditor General of Canada]

[City], Canada

[Date]

Appendix—Describing the financial reporting framework

On the basis of the financial reporting framework used by the entity, the following statement titles will be presented in the auditor’s opinion:

| Financial reporting framework | Auditor’s opinion |
| --- | --- |
| **International Financial Reporting Standards (IFRSs)** | In our opinion, the accompanying [consolidated] financial statements present fairly, in all material respects, the [consolidated] financial position of the [Entity or Group] as at [Date], and its [consolidated] financial performance and its [consolidated] cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs). |
| **Canadian Public Sector Accounting Standards (without statement of remeasurement gains and losses)**  and  **Directive on Accounting Standards (previously Treasury Board Accounting Standards)** | In our opinion, the accompanying [consolidated] financial statements present fairly, in all material respects, the [consolidated] financial position of the [Entity or Group] as at [Date], and the [consolidated] results of its operations,[consolidated] changes in its net debt [or net financial assets], and its [consolidated] cash flowsfor the year then ended in accordance with Canadian public sector accounting standards. |
| **Canadian Public Sector Accounting Standards (with statement of remeasurement gains and losses)** | In our opinion, the accompanying [consolidated] financial statements present fairly, in all material respects, the [consolidated] financial position of the [Entity or Group] as at [Date], and the[consolidated] results of itsoperations, its[consolidated] remeasurement gains and losses, [consolidated] changes in its net debt [or net financial assets], and its[consolidated] cash flows for the year then ended in accordance with Canadian public sector accounting standards. |
| **Canadian Public Sector Accounting Standards (standards for government not-for-profit organizations)** | In our opinion, the accompanying [consolidated] financial statements present fairly, in all material respects, the [consolidated] financial position of the [Entity or Group] as at [Date], and the [consolidated] results of its operations and its [consolidated] cash flowsfor the year then ended in accordance with Canadian public sector accounting standards. |
| **Accounting Standards for Pension Plans (Part IV of CPA Canada Handbook—Accounting)** | In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the [Entity] as at [Date], and the changes in its net assets available for benefits and changes in its pension obligationsfor the year then ended in accordance with Canadian accounting standards for pension plans. |

1. Refer to the Glossary of Terms in the CPA Canada Handbook—Assurance for a definition of “listed entity.” [↑](#footnote-ref-1)
2. The subheading **Report on the Audit of the [Consolidated] Financial Statements** is not necessary in circumstances when the subheading **Report on Other Legal and Regulatory Requirements** is not applicable (that is, the auditor is not reporting on such requirements). [↑](#footnote-ref-2)
3. The titles of the statements used in this template are found in International Accounting Standard (IAS) 1—Presentation of Financial Statements. IAS 1 permits the use of alternative titles—for example, “balance sheet” instead of “statement of financial position”. [↑](#footnote-ref-3)
4. A more specific description of the other information, such as “the management report and chairman’s statement” may be used to identify the other information. [↑](#footnote-ref-4)
5. This auditor’s report is based on a fair presentation framework. In the case that a compliance framework is applied, management’s responsibility should state the following: “Management is responsible for the preparation of the [consolidated] financial statements in accordance with.…” [↑](#footnote-ref-5)
6. Include this subheading and tailored paragraphs only when applicable (that is, when the auditor is reporting on these requirements). The format and content of this section of the report will vary depending on the nature of the other reporting responsibilities particular to the mandate. [↑](#footnote-ref-6)
7. For more information on the signature block for Quebec and Ontario CPAs, refer to OAG Audit 8012—Audit Report. [↑](#footnote-ref-7)
8. The subheading **Report on the Audit of the [Consolidated] Financial Statements** is not necessary in circumstances when the subheading **Report on Other Legal and Regulatory Requirements** is not applicable (that is, the auditor is not reporting on such requirements). [↑](#footnote-ref-8)
9. The titles of the statements used in this template are found in International Accounting Standard (IAS) 1—Presentation of Financial Statements’. IAS 1 permits the use of alternative titles, for example, balance sheet instead of statement of financial position. [↑](#footnote-ref-9)
10. When the auditor intends to report on key audit matters (KAM), he needs to communicate his intention to those charged with governance when discussing the planned scope of the audit. [↑](#footnote-ref-10)
11. A more specific description of the other information, such as “the management report and chairman’s statement” may be used to identify the other information. [↑](#footnote-ref-11)
12. This auditor’s report is based on a fair presentation framework. In the case that a compliance framework is applied, management’s responsibility should state the following: “Management is responsible for the preparation of the [consolidated] financial statements in accordance with.…” [↑](#footnote-ref-12)
13. This paragraph is required only when the auditor decides to communicate key audit matters. [↑](#footnote-ref-13)
14. Include this subheading and tailored paragraphs only when applicable (that is, when the auditor is reporting on these requirements). The format and content of this section of the report will vary depending on the nature of the other reporting responsibilities particular to the mandate. [↑](#footnote-ref-14)
15. For more information on the signature block for Quebec and Ontario CPAs, refer to OAG Audit 8012—Audit Report. [↑](#footnote-ref-15)